



Date: August 26, 2002

Subject: OCFO Bulletin #2002-006 Common Agreement Numbers

To: All Agencies

PURPOSE

The purpose of this bulletin is to provide guidance on the procedures to be followed by all agencies in the use by both trading partners of the same agreement number in agency accounting for intradepartmental transactions.

DEFINITIONS

Intradepartmental: Transactions occurring between Department of Agriculture (USDA) organizations, such as internal agreements.

Trading Partner: The governmental agency participating in transactions with USDA organizations.

Reciprocal Accounts: Corresponding standard general ledger (SGL) accounts that should be used by a providing and receiving agency to record like intradepartmental transactions. For example, the providing agency's accounts receivable would normally be reconciled to the reciprocal account, accounts payable, on the receiving agency's records.

Providing Agency: The agency selling goods and services to another agency is the providing agency. The agency transferring out assets to another agency is also the providing agency.

Receiving Agency: The agency buying goods and services from another agency is the receiving agency. The agency receiving assets transferred in from another agency is also the receiving agency.

BACKGROUND

Departmental Accounting Policy AP-01-001 prescribes the policies and procedures for identifying, reconciling, and reporting intradepartmental transactions to facilitate elimination of intradepartmental balances for the consolidated financial statements. This policy requires certification that each agency has identified and reconciled intradepartmental transactions with all USDA agencies. The procedures require communication of intradepartmental activity and balances by Reciprocal Account, determination whether any differences exist and resolution of those differences.

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The elimination of intradepartmental activity for the consolidated financial statements requires that the same amount must exist in each trading partner's general ledger in reciprocal accounts.

In order to identify, confirm to trading partners, and report intradepartmental balances by general ledger account, agencies must maintain in their general ledger the information necessary to identify intradepartmental activity, by agreement, for each trading partner. In cases where agencies fail to confirm balances to their trading partners, or confirm without researching the actual general ledger amounts and accounts, the process could result in material misstatement of the consolidated financial statements.

RESPONSIBILITIES

The Chief Financial Officer of each USDA organization is responsible not only for the financial statements of his or her own agency, but also for reporting intradepartmental transactions according to policy for elimination in the consolidation of USDA accounts.

POLICY

All Agencies

The use by both trading partners of the same agreement number in agency accounting is required of all agencies.

The following procedures are required of all USDA agencies for all intradepartmental transactions, including fund transfers, which are subject to elimination for the consolidated financial statements.

All agencies are required to identify, report, and confirm to their trading partners their intradepartmental balances from their general ledger accounts. The key to identifying intradepartmental transactions and balances on the agency general ledger is the use by both trading partners of the same agreement number in agency accounting.

FFIS Agencies

The number to be used for this purpose, the "FFIS Agreement Number", will be assigned by the NFC Table Maintenance Group and added to the Vendor Code field of the VEND table in the following format. The FFIS Agreement Number is represented in positions 1 through 9; an "O" in the 10th position will allow IPAC payments; and the 11th position indicates whether the entry relates to the Providing or Receiving agency. Two distinct vendor records will be created which are identical except for the 11th position. Each FFIS Agreement Number assigned for use in the Vendor Code field will relate to one agreement only.

Position 1: "&" Use the "&" as a unique identifier to indicate that this vendor number relates to an intradepartmental agreement.

Position 2-3: Providing Agency Code.

O
C
F
O

B
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E
T
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N



Position 4-5: Receiving Agency Code.

Position 6: Year of Agreement

Position 7-9: Alphanumeric sequential identifier assigned by NFC Table Maintenance Group.

Position 10: "O" will allow an agency to be billed via IPAC.

Position 11: "P" for Providing agency; "R" for Receiving agency.

Examples:

If the transaction is a payment to the Providing agency this position must hold a P.

If it is a billing to the Providing agency this position must hold a P.

If it is a billing to the Receiving agency this position must hold an R.

If it is a refund to the Receiving agency this position must hold an R.

COMMENTS Field: the related COMMENTS field will contain the actual number(s) assigned to the agreement by the trading partners (the "Actual Agreement Number") for reference. Where possible the FFIS Agreement Number should be used as the Actual Agreement Number.

VENDOR TYPE: will be unchanged. Typically "V" for USDA Parent Level, "W" for interagency level per OCFO Bulletin #3 Vendor Standards.

TAXPAYER ID: should be used to contain the Tax ID of the agency. If position 11 is "P" this field will contain the Tax ID of the agency providing services under the agreement; if position 11 is "R" this field will contain the Tax ID of the agency receiving the services.

CUSTOMER ACCOUNT: should contain the agency ALC. If position 11 is "P" this field will contain the ALC of the agency providing services under the agreement; if position 11 is "R" this field will contain the ALC of the agency receiving the services.

Examples:

An example of codes used to enter transactions related to an agreement for Forest Service to provide services to NRCS with payment via IPAC follows. Other fields (not shown) follow the vendor standards per OCFO Bulletin 2002-003 Vendor Standards.

Billing from the Providing agency to the Receiving agency for fiscal year 2003 agreement:

VENDOR CODE: &11163AA1OR

VENDOR NAME: NRCS/Receiving

VENDOR TYPE: V

VENDOR CATEGORY: G

MISC VEND: N

COMMENTS: (The Actual Agreement Number is entered here).

CUSTOMER ACCOUNT: 12401600 (the ALC of the Receiving Agency)

Payment from the Receiving agency to the Providing agency for fiscal year 2003 agreement.

VENDOR CODE: &11163AA1OP

VENDOR NAME: Forest Service/ Providing

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VENDOR TYPE: V

VENDOR CATEGORY: G

MISC VEND: N

COMMENTS: (The Actual Agreement Number is entered here).

CUSTOMER ACCOUNT: 12401100 (the ALC of the Providing agency)

Procedures for agencies using FFIS

The procedures for accounting entries relating to intradepartmental transactions follow.

I.Receiving Agency

- a. When an intradepartmental agreement is signed, the Receiving Agency must request from the NFC Table Maintenance Group a unique FFIS Agreement Number to be used in the Vendor Code field.
 - i.FFIS Agreement Numbers are requested via the FFIS COMT table.
 - ii.The Receiving agency will provide in the request to the NFC Table Maintenance Group the Actual Agreement Number(s) of the agreement and the identity of the Providing agency.
 - iii.A confirmation response will be conveyed by the NFC Table Maintenance Group to the Receiving agency upon completion. The Receiving agency will notify the Providing agency of the assigned code.
- b. In response to the Receiving agency request the NFC Table Maintenance Group will
 - i.Manage changes to the VEND table
 1. Assign the FFIS Agreement Number
 2. Create vendor records for the Providing agency and for the Receiving agency.
 - a. Add the FFIS Agreement Number to the Vendor Code field
 - b. Add the Actual Agreement Number(s) to the Comments field
 - c. Add the agency ALC to the Customer Account field for each record
 - ii.Maintain the FGXT table to crosswalk the agreement number in the Vendor record to the Agency Location Code.
- c. Using the assigned FFIS Agreement Number in the Vendor Code field the Receiving agency will record all related transactions including payments, transfers, payment of advances, payables, and accruals. As shown in the example above, **the 11th position must contain a P** to indicate that the Providing agency is being paid, etc.

II.Providing Agency



- a. For all transactions related to intradepartmental agreements, a unique FFIS Agreement Number to be used in the Vendor Code field will be provided to the Receiving agency by the NFC Table Maintenance Group. This number will be communicated to the Providing agency by the Receiving agency for use in recording intradepartmental activity.
- b. To record transactions for any third party (non-intradepartmental) payee, the Providing agency will use the standard vendor code (not the FFIS Agreement Number code). For example, if a payment is to be made to International Business Machines, the actual vendor number will be used. This is unchanged from past practice.
- c. Using the assigned FFIS Agreement Number in the Vendor Code field the Providing agency will record all related transactions including billings, transfers, collection of advances, receivables, collections, and accruals. As shown in the example above, **the 11th position must contain an R** to indicate that the Receiving agency is being billed, collected, etc.

For billings, the Providing agency will bill monthly through IPAC, SF-1080, or SF-1081 for each agreement, according to the schedule provided in OCFO Bulletin #2002-004, Avoiding Timing Differences, providing complete accounting information for the Receiving agency. The Vendor Code to be used containing the FFIS Agreement Number must contain an R in the 11th position to indicate the agency being billed.

Non FFIS Agencies

All agencies are subject to the requirement to use the same agreement number in their general ledger systems for intradepartmental transactions. This is a key component of meeting the requirement for all agencies to report all intradepartmental activity from their general ledger accounts and to positively confirm to their trading partners these balances from their general ledger accounts. Any agency not using the FFIS system is required to communicate with the trading partner at the time of signing each agreement to establish the common agreement number to be used for intradepartmental activity, and to use that number for recording related transactions in their accounting systems.

CORRECTIVE ACTIONS

None.

INQUIRIES

Any questions concerning this bulletin should be directed to Jon Holladay on (202) 619-7642.

EFFECTIVE DATE

This bulletin is effective October 1, 2002._

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